

WEATHER FORECAST.
Fair to-day; local showers at night or
to-morrow; gentle south winds.
Highest temperature yesterday, 80; lowest, 67.
Detailed weather reports on last page.

The Sun.

IT SHINES FOR ALL

VOL. LXXXV.—NO. 330.

NEW YORK, SATURDAY, JULY 27, 1918.—Copyright, 1918, by the Sun Printing and Publishing Association.

PRICE TWO CENTS.

ALLIES PRESS CLOSER ON CORNERED ENEMY; RESERVES OF CROWN PRINCE'S ARMY USED UP; BLOW BY GOUBAUD REGAINS CHAMPAGNE LINE

EXCESS TAXES WILL RANGE UP TO 70 PER CENT.

But Revenue Revisers Tentatively Plan Not to Confiscate Big Fortunes.

BAN ON BRAINS REMOVED

Three Important Decisions in Preparing Bill—Luxuries Probably to Be Doubled.

WASHINGTON, July 26.—Three tentative decisions of the utmost importance were reached today by the Ways and Means Committee in the first draft of the new revenue bill. These steps in drawing up the new law were:

1. A tentative decision on the rates to apply to individual income super-taxes, reaching a maximum of 70 per cent. on portions of incomes in excess of \$100,000, as compared with 50 per cent. under the present law.

2. Amendment of section 209 of the existing law which puts an extra tax of 3 per cent. on portions of earned incomes above \$6,000 a year and not affecting unearned incomes, the committee being in favor of carrying out Secretary McAdoo's suggestion that this revenue be covered by an increase in the individual income super-taxes.

3. Limitation of the excess profits tax so that the tax collected from corporations capitalized at more than \$250,000 should not be less than 10 per cent. of the net income nor more than 50 per cent. of it, but relieving common carriers and public utilities from the enforced payment of at least 10 per cent. of their net incomes as an excess profits tax because their rates are regulated by governmental agencies.

Compromise Spirit Shown.

In considering for the first time today the question of super-taxes on personal incomes a spirit of compromise was reflected in the deliberations between the policy advocated by the extreme radicals, like Senator La Follette (Wis.), who wanted wealth taxed to the limit, and the extreme conservatives who have insisted all along that to impose extreme taxes on wealth would work to the financial detriment of the country in the long run.

While the radicals will undoubtedly make a stiff fight until the bill is passed the sentiment today in the committee indicated that a majority in Congress will be in opposition to any scheme for the confiscation of large fortunes.

The schedule of rates of income super-taxes proposed to-day is merely tentative, and final action will not be taken until after experts have figured out the revenue which would be derived from such a schedule. Rates are indicated as follows: From 10 per cent. to which the committee is now practically committed will swell the receipts regardless of the action to be taken on the super-tax rates.

In the schedule considered to-day the super-taxes would start with 4 per cent. instead of 1 per cent. on incomes between \$15,000 and \$7,500 and would run up to 70 per cent. instead of 61 per cent. on portions of incomes in excess of \$1,000,000.

Tentative Schedule of Rates.

Following is the tentative scale of rates which a majority seemed to favor to-day, although no definite decision was reached:

- Four per cent. on part of income between \$15,000 and \$7,500.
- Five per cent. on part between \$7,500 and \$10,000.
- Six per cent. on part between \$10,000 and \$12,500.
- Seven per cent. on part between \$12,500 and \$15,000.
- Eight per cent. on part between \$15,000 and \$20,000.
- Nine per cent. on part between \$20,000 and \$25,000.
- Ten per cent. on part between \$25,000 and \$30,000.
- Eleven per cent. on part between \$30,000 and \$40,000.
- Twelve per cent. on part between \$40,000 and \$50,000.
- Thirteen per cent. on part between \$50,000 and \$60,000.
- Fourteen per cent. on part between \$60,000 and \$75,000.
- Fifteen per cent. on part between \$75,000 and \$100,000.
- Sixteen per cent. on part between \$100,000 and \$150,000.
- Seventeen per cent. on part between \$150,000 and \$200,000.
- Eighteen per cent. on part between \$200,000 and \$250,000.
- Nineteen per cent. on part between \$250,000 and \$300,000.
- Twenty per cent. on part between \$300,000 and \$400,000.
- Twenty-one per cent. on part between \$400,000 and \$500,000.
- Twenty-two per cent. on part between \$500,000 and \$750,000.
- Twenty-three per cent. on part between \$750,000 and \$1,000,000.
- Twenty-four per cent. on part above \$1,000,000.

The classification of the amounts of incomes subject to the super-tax is identical with the present law.

Should Double Tax on \$7,000 Basis.

Should the super-taxes be finally adopted and the normal tax remain at 14 per cent., without any abatement for smaller incomes, the effect would be to considerably more than double the tax on, for example, a \$7,000 salary. A man on such a salary now pays a total tax of \$1,000 in his "excess profits" tax.

Bank of England Cuts Bill to Government

LONDON, July 26.—The remuneration of the Bank of England for its services to the Government, which under an agreement entered upon in 1892 amounted before the war to about \$1,000,000 yearly, increased to \$7,500,000 for the fiscal year 1916-17, according to the report of the Special Committee on National Expenditure. As the committee does not believe such a remuneration justified, the bank has agreed to enter into a revised agreement for the period of the war which would secure a reduction of \$375,000 for the year 1917-18 and a larger reduction for the current year, unless new conditions arise.

SERVICE THREAT MAY END STRIKE

Lloyd George Tells Idle Munitions Workers They May Be Drafted.

MANY RESUME TASKS

Engineering Trades Will Order Walkout if Embargo Is Continued.

Special Cable Despatch to The Sun.

LONDON, July 26.—The strike situation in the munitions areas still gives cause for much anxiety. The offer of the Government of an official inquiry has had a good effect and the warning to-day by Premier Lloyd George that if the strikers do not return to work by Monday they will be liable to conscription for service in the army, to which up to this time they have been exempt, may clear up the situation.

Many men have resumed work in a large number of shops, but the majority of the strikers still are idle. Several unions announced their willingness this morning to accept the Government inquiry and resume work, but the only one of the strikers who has initiated all along that to impose extreme taxes on wealth would work to the financial detriment of the country in the long run.

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The slogan of the residents of Woolwich during the week has been "Strike now and you will earn the blessings of the Kaiser and his army of murderers."

The newspapers also are warning the strikers. The *Evening Standard* reminds them that many skilled men are available to fill their places if the strikers persist in the attitude of defiance which will result in the withdrawal of the strikers' exemptions from military service.

Winston Churchill, Minister of Munitions, has assured that the great majority of munition workers will support loyally the Government's policy, which has as its only object the provision of an adequate supply of munitions.

The Federation of discharged soldiers and sailors has assured the Minister of Munitions that they will support the Government and continue at their tasks. The strikers issued a statement to-day that 100,000 men were out, but Government officials said that not more than 15,000 were idle.

Strike Generally Opposed.

Throughout the country there is general opposition to the strike, women and unskilled workers assuring the Government that they will continue at work. From many of the munition centres to-day telegrams were received pledging the loyalty of the workers to the cause.

BRITON PRAISES U. S. TROOPS FOR WORK AT HAMEL

Gen. Monash Says Men With Anzacs Fought Like Veterans.

KNOW HOW TO SHOOT

Companies Ordered Out of the Attack Insisted on Going Along Anyhow.

Special Cable Despatch to The Sun.

LONDON, July 26.—The incorporation of American troops in my command for actual battle gave me great delight," Gen. John Monash, who commanded the American and Australian troops on July 4, told *The Sun* correspondent to-day. "It was a very great privilege for the Australians to have Americans fighting shoulder to shoulder with them in the great battle," he said. "But it will be a still greater honor in battles of the future, when Australians and Americans will further cement that wonderful comradeship begun on the Picardy battlefield.

"Although ten companies were under my command for training purposes, but it was found advisable to withdraw six of them on the eve of battle. Their disappointment was indescribable. The four other companies were attached to platoons of Australian companies, but when the battle started we were amazed to find that other American units which had decided to keep out of the attack had crept up to the front unobserved and got into the fighting.

"I can pay them no higher compliment than to say there was no distinction possible between the Australians and Americans, and considering that this was the first time the Americans had been under fire while the Australians were war tried troops this is indeed highly creditable to the Americans.

"The American troops were sent under my command. Already they have achieved that most valuable art in modern war, the ability to use a rifle. Most fresh troops prefer to wait until the enemy is right on top of them, or to depend on bombs. Not so with the Americans, who when they begin to begin using their rifles. They were a little over-anxious, perhaps, but that is no fault.

"They haven't had the experience of our men, who know just when to charge and when to duck to cover. But the Americans went straight ahead. Nothing could stop them. Altogether their conduct under battle for the first time is a happy augury for the future. The Australians and Americans are getting together rapidly and are the very best of friends."

AMERICANS FORCE FOE FURTHER BACK

Stubborn Fighting in Forests North of Marne.

By The Associated Press.

WITH THE AMERICAN ARMY IN FRANCE, July 26.—The allied offensive has slowed down, but has not been checked. Franco-American troops have forced back the Germans a bit further north. The greater part of the fighting is taking place in the big forests north of the Marne and along the western flank of the salient.

The Germans with artillery and machine guns and strong infantry detachments are stubbornly holding the line. The munition workers in the arsenal up to the present have been loyal to the Government in the prosecution of the war and have taken little part in any trade dispute. Their decision will carry great weight for or against the extension of the strike movement.

Have Patriotic Slogans.

The slogan of the residents of Woolwich during the week has been "Strike now and you will earn the blessings of the Kaiser and his army of murderers." The newspapers also are warning the strikers. The *Evening Standard* reminds them that many skilled men are available to fill their places if the strikers persist in the attitude of defiance which will result in the withdrawal of the strikers' exemptions from military service.

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Germany Learns Losses; General Among Slain

GENEVA, July 26.—The German newspapers have begun to publish long lists of officers killed and the names cover several columns. Among them is that of Gen. Universat, attached to the staff of Gen. von Boehm, on the Marne front.

U. S. MEN FIND DEAD IN HEAPS

Advancing Troops Discover 2,000 Bodies in One Horse-shoe Shaped Area.

MARNE IS ENEMY GRAVE

Refugees Return to Farms and Homes as U. S. Boys Push Out Germans.

By The Associated Press.

WITH THE AMERICAN ARMY ON THE MARNE, July 26.—The American troops advancing along the Marne have discovered thousands of dead Germans who fell during the retreat before the heavy machine gun fire of the Americans. In one horse-shoe shaped area the ground was covered with dead Germans buried as many as five deep. It is estimated 2,000 Germans fell there.

Farmers along the Marne report having seen the bodies of Germans floating down the stream. The military authorities are planning some system by which they can be buried.

Three days after the Germans evacuated Chateau Thierry the Americans found a lone German in Mont St. Pere hiding in a cellar. The prisoner said he was tired of the war and was determined to surrender, notwithstanding his lack of food and shelter. He asserted the German soldiers were disheartened with the way affairs were going and that the general opinion among them was that the Crown Prince was unable to bring sufficient reinforcements or food supplies to the forces being attacked from the south.

The American soldiers watched with pleasure the prisoner appease his appetite after his three days fast. The German requested the Americans not to report his desertion, saying if they did he never got back to Germany he would be shot.

PAPER WORKERS NOT ENTITLED TO BONUS

War Labor Board Committee Decides Dispute.

WASHINGTON, July 26.—Paper mill workers are not entitled to the 10 per cent bonus allowed by the International Paper Company before the War Labor Board's wage award became effective. T. N. Guerin and C. A. Crocker, composing a section of the board, ruled to-day, interpreting the award.

A controversy over the payment of the bonus resulted in a walkout at several factories this week, curtailing the production of newspaper 75 per cent. An appeal to the War Labor Board to interpret the award was referred to Mr. Crocker and Mr. Guerin, who held the bonus was a voluntary contribution on the part of the employers.

The workers are not entitled to the bonus in addition to the wage award by the War Labor Board. Mr. Guerin and Mr. Crocker decided, "Unless the employers desire to give it voluntarily, as was done prior to this dispute."

The employers, it was held, are morally bound to pay the bonus for May and June, because the notice originally granting it said the bonus would continue until the men were informed of its discontinuance.

It was also held that the shortening of the workday from nine to eight hours was not to permit any reduction in wages.

SINK SHIP; RAM LIFEBOATS.

U-Boat Crew Repeats Tactics Used Previously.

SANTANDER, Spain, July 26.—The French cargo steamer *Lydian* has been torpedoed off Zumaya, twenty-one miles west of San Sebastian. Of a crew of 100, only 20 were rescued, the others having been murdered by the submarine crew, who rammed the life rafts and boats in which the sailors had taken refuge, thus trying, as in the case of the *Llandovery Castle* to destroy all evidence of their crime.

There is evidence that the ship was torpedoed in territorial waters of Spain, the second incident of this kind since the *Llandovery Castle* murders.

Senator James Very Weak.

BALTIMORE, July 26.—Senator Ollie James of Kentucky is in a very weak condition to-night at Johns Hopkins Hospital.

FRENCH REGAIN THEIR OLD LINE EAST OF RHEIMS

Gouraud Recovers Most of Strip He Conceded in Champagne.

GETS MAIN DE MASSIGES

Foch Reveals Soissons Counter Blow Was Planned July 13, Before Enemy Struck.

By GERALD CAMPBELL.

WITH THE BRITISH ARMY IN FRANCE, July 26.—To-day brings excellent news from the allied offensive in the Champagne. Gen. Gouraud's army has been steadily working away a strip of territory from which it retired when the Germans opened the offensive and has won back many places in the original line.

The Main de Massiges is one of the most important points recovered. This fell into our hands after violent fighting in the streets of the village during which the enemy made much use of the grotto houses—houses cut into the solid rock—of which there are a number in the district, as strong-holds.

With the capture of Oulchy-le-Chateau, between Soissons and Chateau-Thierry, the allied forces also took four other villages which had been delaying our advance. As our forces moved eastward the position of Fere, one of the bases of the Germans, becomes more critical. It is probable that the enemy has been obliged to withdraw the batteries he had at Bruyeres, between three and four miles west of Fere, and as the pocket grows narrower each moment the forces the Germans have still further south toward the Marne will be forced to fall back in fear of being caught.

French Improve Positions.

In spite of all the Germans' counter attacks, the position of the French on the southwest face of the Soissons-Rheims salient continues to improve. They are within four miles of Fere-en-Tardenois; Tournelle Wood, southwest of the town, is theirs; Bouvades is theirs, and good progress has been made in the forest of Fere and in the forest of Ris, between it and Dormans. On the rest of the front south of the Vesle we either are holding our own or slowly are advancing.

It is important that our most decided progress in this region has been made on the southwest, as Chateau-Thierry is now available for provisioning the center and it is a simpler matter to furnish the troops with food and munitions than it was.

The Germans, on the contrary, have reached a point where they can make little use of Fere-en-Tardenois and they have no station of any size within the pocket. It is becoming more and more difficult for them to keep in this district the number of troops it holds at present. The fifth great German offensive, whatever others in the future may produce, is slowly fizzling out.

The Germans certainly were in an optimistic frame of mind when they began it. In both of these last offensives that of June 9 and the one of July 15, they struck under the impression that several divisions had been sent down to help in checking the offensive of May 27 because of its threat against Paris and they believed not only that the troops of the line were exhausted, but that troops behind the line either did not exist or were in very small numbers.

On each occasion they were shaken

Thought of Private's Safety.

Becoming impatient, Aug suggested dragging Col. Smith back out the Colonel said: "That would be too much of a chance for you, Aug. There is no use of your exposing yourself. The wound is not serious."

Aug insisted and started with Col. Smith through a wheat field. There was no complaint from Smith during the trip. Aug frequently stopping to rest and inquire how the wounded man felt and the Colonel replying: "I'm all right; look out for yourself. Those machine gunners can see you move, but not me."

They finally reached a farm house where American soldiers were sheltered. This was more than 200 yards from the spot where Col. Smith was wounded. The injury was dressed, but Col. Smith died on the way to a field hospital.

Col. Smith was buried in a high ground overlooking forests and grain fields, and on clear nights the lights of Paris are visible.

Col. Hamilton A. Smith was born in Wisconsin November 2, 1869, and was appointed West Point. When graduated he was assigned as Second Lieutenant in the Fifth Infantry. His promotion to First Lieutenant took him to the Twenty-first Infantry, where he remained until he had passed through the Captain's rank and was appointed Major in the Third Infantry.

Chance for Smokers to Boost Fund To-day

SMOKERS have a great opportunity to help the soldiers in the trenches to-day. The United and Schulte cigar stores will give ten certificates with each dollar purchase. Certificates and coupons deposited in THE SUN Tobacco Fund boxes are translated into happiness for the fellows Over There. Buy an extra quantity for yourself and contribute your slips by the handful. See page 4.

GERMANY FACES CRISIS OF WAR, KAISER ADMITS

"Hardest Blow Lies Ahead," His Comment on Crown Prince's Disaster—Hindenburg Hopes to Save Best Men for Peace Aims.

Special Cable Despatch to The Sun from the London Times.

The Kaiser's favorite correspondent, in a despatch to the *London Times*, says the German war lord remarked when news of the Crown Prince's disaster began to filter into main headquarters that the "hardest blow now lies ahead of the Germans; that the adversary knows the war has now come to a decisive point and is straining every effort at defence and counter attack."

Rosner also telegraphs to Berlin that Field Marshal von Hindenburg said to him at main headquarters: "The fighting is proceeding again, and it is to be hoped that those at home will have confidence. But they must not yet learned to wait. They must know, however, that in war nothing

U. S. OFFICERS DIE LEADING MEN

Col. Hamilton Smith Is Killed While Making Observations.

MAJOR FALLS IN CHARGE

Several Captains and Lieutenants Slain at Head of Commands.

By The Associated Press.

WITH THE AMERICAN ARMY IN FRANCE, July 26 (delayed). Col. Hamilton Smith of the United States Army died last Monday within a few hours after receiving a machine gun wound below the heart. Col. Smith was making observations after a morning attack in anticipation of improving the American positions south of Soissons, near Missy-au-Bois.

Lieut. Col. Clark Elliott was killed by machine gun fire in the same sector while inspecting the American front line. Major J. M. McCloud was wounded while leading his men when the Americans crossed the Soissons-Arras road during the offensive. He was wounded in the left arm and in the left side by machine gun bullets, but after receiving first aid he continued fighting. The major was killed soon afterward by a high explosive shell.

Killed by Machine Gun.

Soon after Major McCloud died by machine gun fire near where McCloud fell. On different days the following Captains were killed by machine guns and shells, all of them leading their men when they fell: James H. Egerton, Julius A. Wood, Alfred R. Hamel, James N. C. Richard and James H. Holmes.

Lieut. Col. Clark Elliott and Major McCloud were buried at a cross roads in a wheatfield two kilometers southeast of Missy-au-Bois. Col. Smith was buried in Oury-la-Ville, near Quaregnon, and the other officers were buried where they fell.

Col. Smith was looking over the edge of a hill endeavoring to locate the Germans when he was struck. The Americans already held their objective, but Col. Smith desired to improve the position. He was in an outpost, accompanied by Private Charles Aug of Sacramento, Cal., who rendered first aid and called for assistance.

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Lieut. Col. Clark Elliott began his career as a private in Troop H of the Third Cavalry, a famous troop of the old regime. He was born in Ohio February 2, 1872.

French Win Oulchy-le-Chateau and Americans Gain in Fere Forest.

FISMES IS UNDER FIRE

Railway Supply Base of Retreating Army Within Reach of Guns.

ENEMY MAY MAKE STAND

Another Army Thrown Into Soissons-Oulchy Sector to Slacken Wedge Drive.

Special Cable Despatch to The Sun.

LONDON, July 26.—The French and American troops are rapidly converging on Fere-en-Tardenois, through which all roads to the south in this section pass. The French have reached Bruyeres, within three and a half miles of this important junction, threatening the communications of all the Germans remaining in the western part of the Marne pocket, at the same time enormously increasing the congestion of German troops in that area.

With Fere-en-Tardenois commanded by the Allies' guns, all movements to the north would be thrown upon the roads further east running to Bazoches and Fismes, which already are in a welter of confusion and congestion. As Soissons for some days has been under the Allies' guns, the Germans are now dependent upon the bridge at Missy, five miles east of Soissons, for all their railroad communications north of the Aisne.

The Allies' long range guns west of Soissons and the Allies' airmen are shelling and bombing Missy bridge and undoubtedly are reducing its transportation capacity, upon which the Germans, estimated to number more than 400,000, depend.

The Germans in the Marne salient are fighting toward some solution of one of the gravest problems of the war has presented to a belligerent in the field. All the roads and railroads in the area being under fire of the Allies' batteries and air squadrons the enemy is having great difficulties in the movement of reinforcements and in supplying food and munitions to the troops. While his position cannot be said to be untenable it is becoming increasingly more difficult.

Americans Smoke Peacefully During Lull After Making Big Gain.

FOE DESTROYS SUPPLIES

"This Is Hell of a War, but It's Only One We've Got," Doughboy Says.

By HERBERT BAILEY.

Special Cable Despatch to The Sun from the London Times.

With the American Army in France, July 26.—Activity at points occupied by the Americans slackened considerably yesterday and last night. Apparently by mutual consent both sides took time for a breathing spell to recover from the exhaustion of the first day of the forest of Fere and Riz the Germans have been blowing up considerable quantities of munitions and supplies. Amid the ruins into which they have advanced the Americans sat smoking peacefully and contentedly.